



March 31, 2023

Mr. Brandon Metzler  
Clerk of the Legislature  
State Capitol Room 2028  
Lincoln, NE 68509

Subject: Medicaid Managed Care Administrative Spending Quarterly Report

Dear Mr. Metzler:

In accordance with Neb. Rev. Stat. 68-995, please find the attached report summarizing administrative spending by the state's contracted Medicaid managed care plans.

The attached report denotes the most recent quarterly revenue, administrative expenses, and calculated administrative expense rate. This report includes information reported by the managed care plans through their required quarterly reporting to DHHS. It is important to note that revenue and expenses can vary from quarter to quarter, and DHHS follows federal guidance in performing official Medical Loss Ratio, Administrative Spend, and Profit Cap calculations after managed care plans sufficiently complete specified contract periods.

This quarterly report is informational only and is not utilized to perform official end-of-contract period calculations. DHHS would also clarify that Medicaid does not reimburse managed care plans for administrative expenses at cost, but rather pays a prospective capitation rate inclusive of administrative cost, and the managed care plans are at risk for any administrative expenditures above the administrative expense rate loaded in the capitation rates.

LB1158 (2020) also included reporting requirements concerning referrals of Medicaid applicants to job-skills programs. Medicaid is submitting a separate report to the Legislature for this requirement.

Sincerely,

A handwritten signature in black ink, appearing to read "Kevin Bagley".

Kevin Bagley, DHA  
Director, Division of Medicaid and Long-term Care  
Attachment: 1

Revised statute 68-955 requires that all contracts and agreements relating to the medical assistance program governing at-risk managed care service delivery for health services entered into by the department and existing on or after August 11, 2020, shall not under any circumstances exceed twelve percent in administrative spending. And that administrative spending by said contracts shall be tracked by the contractor and reported quarterly to the department and electronically to the Clerk of the Legislature.

The table below demonstrates the administrative spending rate for each of the Medicaid health plan contracts in force for the reported quarter. To calculate the administrative spending rate, the table depicts the total reported administrative expenses by each health plan contractor in the reported quarter, divided by the total capitation revenue paid to each of the health plan contractors in the reported quarter, to derive the administrative spend rate percentage for the reported quarter by health plan contractor.

## Managed Care Administrative Spending Report (LB1158)

Time Period: Calendar Year 2022 - Quarter 4 (October 1 - December 31)

Health Plan	United Healthcare	Healthy Blue Nebraska	Nebraska Total Care	MCNA Dental
Revenue	\$226,953,960	\$174,475,719	\$220,431,321	\$20,915,594
Administrative Expenses	\$14,649,279	\$13,329,897	\$31,171,079	\$1,854,138
Administrative Expense Rate	6.5%	7.6%	14.1%	8.9%